



Morning Alert - Tuesday, May 16, 2017

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HEADLINES

Morning News

NHK gave top play to a report on the ongoing search for a GSDF plane that vanished while flying west of Hakodate Airport on Monday. TV Asahi led with a report that the Defense Ministry is eyeing the procurement of Aegis Ashore as a defense against North Korea's missile threat. TBS reported on North Korea's latest missile launch. Other top news included a report on the arrest of an 18-year-old boy in connection with the murder of a 17-year-old girl in Tokyo.

Major front-page items in national dailies included reports on huge losses logged by Toshiba in the fiscal year ending in March, updates on North Korea's missile launch on Sunday, and the conclusion of the One Belt, One Road Summit in Beijing on Monday.

INTERNATIONAL

DPRK launched new type of intermediate-range missile

Tuesday morning's papers continued to give extensive coverage to North Korea's missile launch over the weekend. Yomiuri focused on the disclosure by an ROK government source that the projectile appeared to be an updated version of the Musudan intermediate-range ballistic missile that is capable of reaching Guam. The papers highlighted the North Korean media announcement yesterday of the successful launch of what they referred to as a "Mars 12" rocket, with special focus on the fact that the missile was launched on a "lofted" trajectory. According to the DPRK reports, Kim Jong Un threatened to continue staging provocations by saying: "We will produce more nuclear weapons and strike capabilities and conduct necessary tests until the U.S. chooses the right option." The papers said the DPRK is now even closer to acquiring ICBMs that are capable of reaching the

U.S. mainland, predicting that the Kim regime will continue to upgrade the Mars 12 rocket so that it can reach the U.S. Pacific Command in Hawaii.

Japan mulling procurement of Aegis Ashore platform

The GOJ is reportedly alarmed by the rapid progress of North Korea's missile technology given that the existing missile defense platforms, such as PAC-3 and SM-3, may not be able to intercept missiles that fall at an extremely high speed from a lofted trajectory. Mainichi said the GOJ is considering procuring the Aegis Ashore system to deal with increased DPRK missile threats, quoting Defense Minister Inada as saying at the Diet yesterday: "By introducing a new missile interception system, our nation's ability to deal with incoming missiles, including those launched on lofted trajectories, will be further enhanced." The daily said that Japan's Aegis Ashore platform would probably be equipped with the SM-3 Block IIA missile that is currently being developed by the U.S. and Japan.

Security Council to hold emergency session to discuss DPRK missile launch

Most Monday evening papers reported that the UN Security Council is likely to hold a closed meeting on North Korea on Tuesday afternoon (New York time) in response to a request for such a session by the U.S., Japan, and South Korea, which have agreed to step up international pressure on the defiant regime following its latest missile launch on Sunday morning. The papers said the three nations are looking to enlist cooperation from Russia and China in enforcing tougher sanctions on North Korea.

In a related story, Yomiuri wrote that Prime Minister Abe and Defense Minister Inada will hold separate meetings today with visiting PACOM Commander Harris to reaffirm enhanced coordination. On a TV program last night Abe said he would like to discuss North Korea with Chinese President Xi and South Korean President Moon on the margins of the G20 summit in Germany in July.

Nikai stresses need for Japan to join AIIB

Asahi and Mainichi highlighted press remarks on Monday in Beijing by LDP Secretary General Nikai, who underscored that it is becoming increasingly important for Japan to join the Chinese-led Asian Infrastructure Investment Bank (AIIB). Although he called for Prime Minister Abe to make a decision quickly, the premier said on a TV program yesterday evening: "I wonder if the AIIB will be able to establish fair governance. I will be more positive about Japan's participation when such doubts are dispelled. We are currently paying close attention to the AIIB's operations. We would like to coordinate closely with the United States," which is not a member of the AIIB either.

SECURITY

Ransomware wreaks havoc in Japan

All papers reported on the rapid spread of the “WannaCry/WannaCrypt” ransomware in Japan yesterday, noting that according to a local computer security foundation, some 2,000 computers across the nation may have been infected with the malicious computer worm. Computers at Hitachi, Tokyu Corporation, JR East, and the Kawasaki municipal government were reportedly attacked by the malware. However, the companies’ business operations were not adversely affected as the primary damage sustained was to the email systems of the affected terminals.

USS Ronald Reagan’s departure delayed

Yomiuri took up a CNFJ announcement last night that the USS Ronald Reagan has postponed its planned departure on account of a mechanical problem, noting that after departing Yokosuka at around noon today, the aircraft carrier is likely to head toward the Sea of Japan to monitor the situation on the Korean Peninsula, possibly replacing the USS Carl Vinson.

ECONOMY

U.S. chip producer seeks to block Toshiba’s plan to spin off semiconductor unit

All Monday evening papers gave prominent coverage to Western Digital’s announcement on Sunday that it has filed a suit with the International Court of Arbitration (ICA) to stop its partner Toshiba from selling its flash memory unit without its consent. The legal battle could derail a much-needed capital injection for the electronics giant, which is desperate to raise money for reconstruction by spinning off the Toshiba Memory quickly. Western Digital operates a major Toshiba Memory factory jointly with Toshiba in Mie Prefecture.

Today’s editions ran follow-up stories, quoting the Toshiba president as telling the press last night that the bidding for Toshiba Memory will be carried out on May 19 as planned. Asahi projected, however, that potential buyers may become cautious about tendering bids since their buyout schemes could be rendered invalid by an ICA ruling that could take up to a year.

Japan, New Zealand agree to effectuate TPP quickly

Mainichi and Sankei reported that Economic and Fiscal Policy Minister Ishihara and visiting New Zealand Trade Minister McClay held talks yesterday and agreed to seek an official consensus on the effectuation of the TPP without U.S. participation in November when the member states hold a summit on the margins of the APEC leaders’ meeting in Vietnam. The two officials agreed to exercise leadership during the upcoming TPP trade ministerial to be held in Vietnam on May 21 to achieve the goal.

OPINION POLLS

Public split over Abe’s proposed revision of Article 9

Asahi front-paged the results of its public opinion survey that put support for Abe's idea on adding a clause to Article 9 of the Constitution to make the SDF's existence explicit at 41% and opposition at 44%. Some 52% said the premier should not insist on adhering to his stated timeframe of implementing the proposed amendment in 2020. On the other hand, Sankei's poll showed the opposite, with 55% voicing support for Abe's proposal on specifying the SDF's existence in Article 9 and 36% expressing opposition. Almost 60% of respondents said the Constitution is "outdated."

